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Bureau of Agricultural Economics
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WORLD COTTON PROSPECTS

Summary

The total world mill consumption of cotton during the 1933-34 season amounted to 25,094,000 running bales, according to reports received by the Bureau of Agricultural Economics from the International Federation of Master Cotton Spinners' and Manufacturers' Associations. This represents an increase of 741,000 bales or 3 percent over the 24,353,000 bales reported for 1932-33 and was the largest since 1929-30. The increase in the total was accounted for by the increase of 1,373,000 running bales (about 13 percent) in the consumption of foreign grown cotton, as the consumption of American declined 632,000 bales. The total consumption of American cotton which amounted to 13,539,000 bales, was, however, the largest with the exception of 1932-33 since 1928-29. Most of the decline in the consumption of American occurred in the United States where there was a drop of 450,000 bales, whereas, consumption of American cotton in foreign countries declined only 181,000 bales or about 2 percent.

There was an increase in the consumption of all three of the kinds of foreign cotton separately reported by the Federation, namely, Indian, Egyptian and Sundries. The world mill consumption of Indian during 1933-34 increased 550,000 running bales (of about 400 pounds each), but was still smaller than in any other season since 1927-28. This increase occurred despite the fact that consumption within India, where practically nothing but Indian cotton is used, declined 39,000 bales. Consumption of Egyptian cotton increased from 934,000 running bales (of about 750 pounds each) to 1,108,000 bales or 19 percent and was the largest on record. The

world supply of Indian and Egyptian cotton was considerably larger in 1933-34 than in the previous season, whereas the supply of American was substantially smaller.

Mill consumption of all other foreign cotton (Sundries) increased from 5,028,000 running bales to 5,677,000 bales or 13 percent and was also the largest in history. The consumption of "Sundries" cotton in China, Russia, Mexico, and Brazil, which in each case is largely cotton produced in that country, showed increases over the previous year. The 1933-34 crop in most of these countries was larger than in the previous season.

On the basis of the stocks of American cotton held by mills throughout the world as reported by the International Federation, the Bureau of the Census figures on stocks in the United States, and official and unofficial reports of stocks at other locations, the Bureau of Agricultural Economics estimates the total world stocks (carry-over) of American cotton on August 1 last at 10,634,000 running bales. The estimated carry-over as of August 1 last year amounted to 11,588,000 bales and in 1932 to 12,961,000 bales. The average world carry-over of American cotton for the 10 years 1921 to 1930 was approximately 5,300,000 bales.

The world consumption of American cotton during August and September was apparently considerably less than during the like period last season. Consumption was decidedly lower in the United States and Germany where mill activity was low. Great Britain, France, Japan, and some of the other important consuming countries were apparently using smaller quantities of American cotton due to the use of larger proportions of foreign cotton and/or to lower rates of total consumption. Mill activity during August and September in most of the continental European countries was lower than in previous months due either to restrictions or to reduced demand.

Domestic exports of raw cotton during August and the first 25 days of September this season amounted to around 589,000 running bales, compared with 1,158,000 bales during the like period last season, according to data from the New York Cotton Exchange reports. Exports during the first 2 months of last season, however, were the largest in history. During August total exports as reported by the Bureau of Foreign and Domestic Commerce amounted to 268,000 bales which was less than half as large as in August last year, but only 11 percent less than the 5-year average.

Prices

From mid-August to the latter part of September the average price of American middling 7/8 inch cotton in the 10 designated markets has ranged between 12-3/4 and 13-1/4 cents per pound. The prices around the middle of August were above 13 cents but dropped below 13 cents several times and in early September recovered to 13.19 cents, but on September 25 averaged about 12-3/4 cents. The strike in the cotton textile industry apparently accounted to some extent for the declining tendency of cotton prices during September, although the settlement of the strike did not have much effect on prices. In August last year middling 7/8 averaged 9.24 cents and in August 1932 averaged 7.08 cents.

Prices of American cotton increased still further compared with prices of Indian cotton in foreign markets during August and early September. The prices of American cotton in these markets are now much higher relative to Indian than at any time since the early part of 1930-31. During August and early September the average of three types of Indian cotton in Liverpool was equivalent to about 67 percent of the average price of American middling and low middling. This compares with an average during these 2 months last year of 79 percent, in 1932 89 percent and in 1931 82 percent. Prices of Egyptian cotton are also cheaper as compared with American than during either of the 2 preceding years. The same is also true of Brazilian and some of the other types of foreign cotton. This, of course, is to be expected with larger supplies of these foreign cottons and small supplies of American.

Stocks and Movement

World stocks (carry-over) of American cotton

The stocks of American cotton on July 31 last was reported by the Bureau of the Census at 7,649,000 running bales (counting round as half bales). This plus the estimated stocks of American cotton outside the United States of 2,985,000 bales gives a total of 10,634,000 running bales. At the beginning of last season the world carry-over of American cotton as determined by the estimated stocks at specified locations throughout the world totaled 11,588,000 bales and in 1932, 12,961,000 bales. Last

year the stocks of American cotton outside the United States were estimated at 3,507,000 bales and in 1932 at 3,381,000 bales.

World mill stocks, July 31, 1934

The total stocks of American cotton at consuming establishments throughout the world on July 31 last was reported by the International Federation at 2,319,000 bales compared with 2,557,000 bales on the same date last year. Of the world total on July 31 this year, 1,174,000 bales were held by mills in the United States and 1,145,000 bales by mills in foreign countries. On July 31 last year domestic manufacturers held 1,298,000 bales and mills in foreign countries 1,259,000 bales.

Total mill stocks of foreign cotton on July 31 this year were reported at 3,012,000 running bales compared with 2,492,000 bales on the same date last year and were the largest for that date on record. Total mill stocks of all cotton, however, were slightly less than at the beginning of the 1927-28 season, stocks of American being 737,000 bales less this year than on August 1, 1927. Mill stocks of Indian cotton were reported at 1,655,000 running bales, 128,000 bales larger than a year earlier and were the largest for that date since 1930. Total stocks of Egyptian cotton at manufacturing establishments throughout the world on August 1 last were given as 273,000 running bales compared with 235,000 bales a year earlier, and were larger than on the corresponding date in any previous year. Mill stocks of sundries cotton were also the largest on record for August 1, totaling 1,084,000 running bales compared with 730,000 bales a year earlier and the previous peak of 777,000 bales. The large stocks of this cotton are accounted for by the record stocks of Chinese cotton at mills in China and record or near record stocks of Brazilian and Russian cotton at mills in those countries.

Exports of American cotton

During August exports of raw cotton in the United States totaled 268,000 running bales, according to reports from the Bureau of Foreign and Domestic Commerce. This compares with exports during August last year of 531,000 bales and in August 1932 of 452,000 bales. During the 5 years, 1928 to 1932, the average exports during August amounted to 302,000 bales. During both of the 2 preceding years exports during August were unusually large due to the heavy purchases by foreign consumers growing out of the sharply advancing prices. Exports to Germany continued to run well below a year earlier, due no doubt in part to the restrictions on imports growing out of Germany's financial difficulties. Practically all other foreign countries, however, also took considerably smaller quantities this year than last except in the case of Spain which took 20,000 bales in August this year compared with only 12,000 bales in August 1933. Total exports of Upland cotton 1-1/8 inch and longer in staple were reported at 3,000 bales in August this year as compared with 33,000 bales in August 1933.

Textile Situation

World mill consumption

During the 1933-34 season world mill consumption of American cotton amounted to 13,539,000 running bales, according to data recently received from the International Federation of Master Cotton Spinners' and Manufacturers' Associations. This represented a decrease of 632,000 bales or 4 percent from that reported for 1932-33, but was the largest with that exception since 1928-29. The average world consumption for the 10-year period, 1921-22 to 1930-31, amounted to 13,369,000 bales. Most of the decline in the world consumption of American last season as compared with the season before occurred in the United States where there was a drop of 450,000 bales or more than 7 percent. Consumption of American cotton outside the United States last season declined only about 2 percent, but at the same time mill consumption of foreign cotton, most of which was outside the United States, increased 1,373,000 running bales or 13 percent. The total world mill consumption of foreign cotton for the 1933-34 season amounted to 11,555,000 running bales, the largest since 1930-31 and was 12 percent larger than the 10-year average, on the basis of the running bale figures. (See table 1) There was a substantial increase in the world consumption of Indian, Egyptian, Chinese, and Brazilian due in part to the fact that the supply of each of these growths was larger last season than the season before. The supply of American on the other hand was considerably smaller than in 1932-33.

The total world consumption of all cotton for the 1933-34 season amounted to 25,094,000 running bales, compared with 24,353,000 bales in 1932-33, and was the largest since 1929-30. The average world consumption of all cotton as reported by the International Federation for the 10-year period, 1921-22 to 1930-31 amounted to 23,696,000 bales.

The greatest percentage increase in the separate types of foreign cotton reported by the Federation occurred in the consumption of Egyptian cotton, where the quantity consumed was reported at 19 percent larger than in 1932-33, and was larger than in any other year in history. The record consumption of Egyptian cotton may be accounted for by the fact that the 1933 crop was the largest in history and the fact that the Egyptian Government has in the last year or two been encouraging exports and consumption of Egyptian cotton, whereas in some of the earlier years when there were record supplies of Egyptian cotton, the Egyptian Government held large quantities of cotton off the market in an attempt to strengthen prices. The record Egyptian crop of 1933-34 was a result of a very large acreage increase (due in part to the removal of an acreage restriction law, which had reduced the 1932-33 acreage to a very low level, and to unsatisfactory returns from other crops), and to the fact that the yields per acre in 1933-34 were the highest for more than a quarter of a century.

The total mill consumption of Indian cotton in 1933-34 amounted to 4,770,000 running bales of approximately 400 pounds each compared with 4,220,000 bales during 1932-33, and the 10-year average of 5,368,000 bales. The world consumption of Indian outside of India increased about 30 percent, consumption in India being 2 percent smaller than in 1932-33 and the smallest since 1928-29, due to the reduced activity in the Indian mills. The increase outside of India in 1933-34 as compared with 1932-33 may be accounted for in part by the substantially larger supply due both

Table 1-Cotton, world consumption by types, 1933-34 compared with 1932-33 and 10-year average 1921-22 to 1930-31

Types of cotton	10 years 1921-22 to 1930-31	1932-33	1933-34	1933-34 as a percentage of 10-yr.av.	1933-34 as a percentage of 1932-33
	1,000 running bales 1/	1,000 running bales 1/	1,000 running bales 1/ (Prel.)	Percent	Percent
American.....	13,369	14,171	13,539	101.3	95.6
Foreign -					
Indian.....	5,368	4,220	4,770	88.9	113.0
Egyptian.....	929	934	1,108	119.3	118.6
Sundries.....	4,030	5,028	5,677	140.9	112.9
Total foreign	10,327	10,182	11,555	111.9	113.5
Grand total.....	23,696	24,353	25,094	105.9	103.0

1/ Running bales (counting round bales as half bales in the case of American cotton) except the consumption in China which is reported to the International Federation of Master Cotton Spinners' and Manufacturers' Association by the Chinese Cotton Millowners' Association in bales of 500 pounds.

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Association.

to an increase in production and a larger carry-over at the beginning of the season. As a result of the larger supply of Indian, the smaller supply of American, and possibly the strong holding movement in the United States, the relative prices of these two cottons were considerably more favorable for the use of Indian instead of American than for several years.

The Federation report showed an increase in the world consumption of all growths other than American, Indian, Egyptian, the so-called sundries cottons, of 649,000 bales or approximately 13 percent, calculated on the basis of running bales. The detailed report by countries shows that substantial increases occurred in the consumption of Brazilian, Chinese, Mexican and Russian cotton. The 1933-34 crop in most of these countries was substantially larger than in the previous season.

United States

The cotton textile situation in the United States since early September was dominated by the labor situation. Reports during part of September indicated that perhaps at one time more than half of the employees of the cotton textile mills were on strike. During the first 3 weeks of September many mills have been inactive and there is little doubt but that the report for September will show that consumption was greatly reduced. Sales of cotton goods during recent weeks have apparently been substantially above production in many lines, with a material reduction in stocks. It is expected, therefore, that there will be a considerable increase in mill consumption now that the general strike has ended despite the fact that some mills are still having labor difficulties.

Total domestic mill consumption of cotton during August amounted to 421,000 running bales, an increase of 17 percent over the 359,000 bales consumed in July, but was much smaller than the unusually large consumption in August last year. After adjusting for the number of working days in August compared with July, there was still a substantial increase in consumption apparently reflecting the increase in activity late in the month, after the restriction on machinery activity was reduced.

Great Britain

Cotton mill activity in Great Britain during August and early September has been estimated by the New York Cotton Exchange service at 60 to 65 percent of regular full normal. This seems to be about the same as a year earlier but somewhat lower than during the first half of 1934. Consumption of American cotton in Great Britain during recent weeks has apparently been somewhat lower than a year earlier despite the fact that total consumption was about unchanged. British mills are now using larger proportions of foreign grown cotton and smaller proportions of American than at this time last year. The severe financial situation in Germany has had some effect on the British cotton textile situation as Germany is one of England's largest cotton yarn customers. However, Great Britain's exports of cotton cloth are much more important to her textile industry than exports of yarn and one of the greatest difficulties confronting her export trade in cotton goods is the competition from Japanese goods.

Continental Europe 1/

The European cotton textile situation during August exhibited the same unfavorable tendencies and uncertainties observed during the previous month and apparently remained about the same in September. Available reports indicate that, with the possible exception of Czechoslovakia and Austria, mill activity has been curtailed in practically all of the continental countries. The curtailment of activity has been due in some countries to government restrictions and in others to a declining demand.

New cotton spinner and weaver business during the first half of August was stimulated slightly by the firmness of the raw cotton market, but declined later as buying interest failed to hold up. Western Europe and Italy continued to complain of a small volume of new orders. In Czechoslovakia and Austria, the usually quiet summer business was reported. In Germany, the buying interest exhibited by retailers and wholesalers did not result in an increase in unfilled orders with mills. Under existing government restrictions the latter will be occupied with old orders for several months and therefore hesitate to commit themselves to new sales, the raw material for which they may be unable to obtain. It should probably be mentioned that the purchase restrictions permit spinners to cover their sales of cotton yarn only to a limited extent on the raw cotton market.

1/ Based largely on a report prepared by Donald F. Christy, Assistant Agricultural Attaché at Berlin, dated September 7, 1934.

As a result of the above developments, continental spinner and merchant buying of raw cotton during August was quiet. The Bremen market reported a very calm buying interest on the part of German industry and merchants, as a result of the purchasing control, but indicated a slight revival of spinner buying on the part of other central-European countries, presumably Czechoslovakia and Austria.

Relative prices of Indian cotton expressed in percentage of American have remained on a low level since the beginning of July and are considerably below those on the corresponding dates during the past 3 years. The returns of the Manchester Spinners' Federation for the 1933-34 season confirm the previously expressed expectation that the relatively low prices of Indian cotton would reduce the share of American cotton consumed on the Continent.

Relative prices of Egyptian Uppers expressed in percentage of American cotton have remained almost unchanged since the beginning of June, but are considerably below last year. According to Manchester reports, continental mill consumption of Egyptian Uppers equalled about 16 percent of the consumption of American cotton in 1932-33, but 20 percent in 1933-34.

Germany

German cotton spinner and cotton weaver business during August and September continued to be greatly hampered by the government restrictions placed on purchases of raw material and on the operating capacity of the industry. There was a very lively buying interest for cotton goods on the part of retailers and wholesalers. Manufacturers, however, were not able to meet the demand in full as the much reduced rate of occupation permitted the industry, means that mills will be occupied on old orders for several months ahead and cannot, therefore, assume any near delivery obligations. Moreover, the cotton buying control office is carefully limiting new acquisitions, and spinners would not be able to cover themselves in the raw cotton market if new yarn sales were too extensive. Inasmuch as the later practice is considered the only sound procedure for spinners, the present conditions have caused the spinners to limit their new sales.

The detailed German cotton spinner report describing the situation during July indicates that calling on old contracts continues active, but new sales were restricted, as a result of the conditions described above. Mill activity in July was apparently unchanged. The detailed weavers' report for July indicated that the weaving mills will be occupied in filling old orders for some time to come.

On August 17, 1934, the Minister for Economic Affairs issued a new decree, establishing a Supervisory Office controlling the trade in cotton yarns and cotton fabrics. This decree was based on the law of March 22, 1934, regarding raw materials and semi-manufactured goods, and revised on July 13, 1934, to include all industrial goods in general.

As a result of the inability of German importers of English fine cotton yarns (Egyptian) to make payments in foreign exchange

against old commitments, British spinners decided not to make any new sales to German firms until the question of payment for old commitments is satisfactorily arranged. Negotiations are now under way to find a solution satisfactory to both sides.

Czechoslovakia

The July report of the Czechoslovakian National Bank indicates that a moderate improvement in the cotton textile industry has occurred. Export business, however, continues to be much complained of.

Austria

The situation in the Austrian cotton textile industry was reported to have been relatively satisfactory during the past 2 months, with new business seasonally quiet and mill activity maintained on previous levels.

France

The situation of the cotton textile industry in France continues to be complained of, inasmuch as business has shown little revival during the month of August. In fact, mill activity has been further curtailed in places.

Belgium

Reports received from the Belgian cotton textile centers continue unsatisfactory, and indicate that further curtailment of mill operations has taken place recently.

Italy

Indexes of Italian cotton mill activity during the past several months indicate that declines have taken place both in the spinning and weaving sections. From the end of May to the end of June a significant decline occurred, particularly in cotton spinning mill activity, which was brought down to about 15 percent below last year, whereas earlier in 1934 spinning mill activity was still above last year. Weaving mill activity at the end of June was about 8 percent below that of last year, and for the first time since February 1933, was below the corresponding figure of a year ago. Italian trade observers complain of the difficult situation existing in regard to cotton mill exports which are especially hampered by the overvalued position of the Italian currency.

Greece

According to a report from Commercial Attache' K. L. Rankin, Athens, cotton yarn and fabric production in Greece during the first quarter of 1934 showed a moderate decline as compared with a year earlier, but for the year ended July 31, 1934 the total production is estimated to have been 10 percent larger than the preceding year.

During the 12 months ended July 31, last, total imports of ginned cotton into Greece was reported at 16,610,000 pounds, equivalent to about 25,000 bales of 478 pounds.

Japan 1/

Yarn production in Japan during August reached a new record level, a total being reported at 290,000 bales of approximately 400 pounds each. This compares with about 283,000 bales during July and the previous peak of 286,000 bales in June. This year's August output was 15 percent larger than during August last year, which up to that time was the largest for the month on record. Exports of cotton cloth from Japan are somewhat below the record levels reached during the first half of 1934, but continued at comparatively high levels during August. The total shipment of cotton cloth to foreign countries during July was reported at 206,900,000 square yards. This compared with 222,500,000 square yards in June, 165,300,000 in July last year, and an average for the 12 months of the 1933-34 cotton season of 197,000,000 square yards. It is expected that yarn production will increase during the next several weeks and may exceed 300,000 bales by October, when present agreements call for another reduction in the curtailment rate. It is said that all of the large firms are setting aside cash reserves in preparation for possible depressing surplusses which may be created unless exports can be stimulated. Trade promotion efforts are being made in Chile, Argentina, Uruguay, Egypt, Balkan States, and Manchuria which may result in increased exports to these countries. It is also anticipated that an increase in the quota of cloth permitted to be exported to British India will be effected in accordance with the sliding scale agreed upon in the January 1934, commercial treaty with India, as Japan has already far exceeded the minimum amount of Indian cotton specified in the treaty. On the other hand increasing concern is felt among the Japanese exporters over the lack of progress at the Batavia conference between Japanese and Netherland delegates. There is little doubt that the Japanese are willing to surrender a substantial portion of their trade with the Dutch East Indies in order to save the remainder. Exporters of certain items of piece goods have voluntarily taken steps to stop all shipments there pending conclusion of the conference.

It is expected that Japan will make substantial seasonal purchases of American cotton for fall delivery. But the further widening of American-Indian price parity is expected to result in the continuation of the downward tendency in the consumption of American cotton which has been evident during the last 18 months. The increased production of cotton in other countries seems likely to also cause a further shift from American to foreign cotton in Japan during the coming months. It is understood that very definite attempts are being made by several countries to improve the staple of their cotton in order to more directly compete with American. The large crop in China together with the efforts of the Chinese to improve the quality of their cotton may result in the Japanese using larger quantities of this cotton during the present season. With the Brazilian crop much larger, it is expected that Japan may use increased quantities of this cotton in the 1934-35 season also.

1/ Based largely on a report from Vice Consul McConnoughy at Kobe received through the Agricultural Commissioners Office at Shanghai by radiogram August 29, supplemented by a radiogram on September 12, 1934.

China 1/

Cotton consumption in China during August continued at about the same levels as in July. The Chinese owned mills were reported as operating at about 75 percent of capacity and the Japanese owned mills at almost full capacity. Delivery of raw cotton to mills in China, however, showed some increase over July, according to trade reports. Delivery of American cotton increased about 14,000 bales, and foreign cotton including Chinese increased about 28,000 bales. Cotton consumption and mill activity during August was on the whole considerably larger than during August last year, when the Chinese owned mills were reported as operating at about 60 percent of capacity and the Japanese section of the industry at about 75 percent of capacity. Despite the fact that mill activity is considerably higher than a year ago, the consumption of American cotton was probably lower than at the same time last year due to the use of a much smaller proportion of American cotton.

During July imports of American cotton into China amounted to slightly less than 20,000 bales of approximately 500 pounds each. During July last year imports of American into China amounted to 19,000 bales. Imports of Indian cotton into China during July were reported at 15,000 bales, imports of Egyptian, 3,000, and other cotton, 1,000. Preliminary reports indicate that imports during August of all cotton amounted to around 79,000 bales, 68,000 bales of which was American, 8,000 Indian, and 3,000 Egyptian.

Acreage, Production, and Crop Conditions

United States

On the basis of conditions as of September 1 in the 1934 domestic cotton crop, it is forecast that 9,252,000 bales of 478 pounds net, which represents an increase of 57,000 bales compared with the August forecast, is 3,795,000 bales less than last year's crop, 5,414,000 bales less than the average for the 5-year period, 1928 to 1932.

The estimated acreage remaining for harvest was placed at 27,241,000 acres, which is slightly less than the acreage used in the August report which was based on the acreage in cultivation July 1 less the 10-year average abandonment of 2.4 percent for the United States as a whole. In the September 1 report the Crop Reporting Board used abandonment figures indicated by crop correspondents as of September 1, which is equivalent to 2.8 percent. The forecast of the yield per acre for the United States is 162.6 pounds compared with 208.5 pounds in 1933 and an average for the 10 years, 1923-1932, of 169.9. During August crop prospects improved in all states east of the Mississippi due to favorable weather conditions, while prospects showed marked decreases in Arkansas and Oklahoma, because of further damage from drought in the first 3 weeks of the month. The yield per acre forecast for Oklahoma of 80 pounds is the lowest on record for that state, and compares with a yield of 208 pounds in 1933. An indicated yield of 325 pounds per acre was forecast in North Carolina, which is one of the highest yields on record for that state. Ginnings from the 1934 crop up to September 16 were reported by the Bureau of the Census at

1/ Based largely on a radiogram from Agricultural Commissioner O. L. Dawson at Shanghai on September 14.

3,131,000 running bales compared with 3,102,000 bales to the same date last year, 2,646,000 running bales to September 16 in 1932, and an average for the 5 years ended 1932 of 2,865,400 bales. Present reports indicate that cotton prices reacted somewhat as a result of the ginnings report, it apparently being felt that ginnings up to that date would fall below those of a year earlier since the crop is expected to be nearly 3,800,000 bales less than last year's crop. The present crop, however, is much earlier than the 1933 crop in the western part of the Belt due to the extremely dry summer.

India

Little additional information has been received relative to the 1934-35 cotton crop in India. The second official estimate of acreage will be released about October 15 giving the estimate of the acreage planted up to October 1. The first official estimate of production is to be released about December 15. The first report on the all-India cotton acreage for 1934-35 as reported by the Indian Government placed the estimated area in cotton as of August 1 at 12,985,000 acres. This was 1,046,000 acres or 7 percent less than the acreage reported up to August 1 last year. In some of the earlier releases of the Bureau of Agricultural Economics it was stated that some increase in the total Indian acreage would at least not be surprising. It was also pointed out that it is impossible to tell from plantings up to the first of August what to expect in the way of total plantings for the season. While it is true that during the past 10 years there have been a number of times in which the change in the reported acreage as of August 1 did not show the direction of change in the final acreage reported, it was somewhat surprising that the acreage planted up to August 1 was reported as 7 percent less than to the same date in 1933. In the most recent issue of the Indian Trade Journal, issued by the Department of Commercial Intelligence and Statistics, which has been received up to this time, it is stated that the decrease in the acreage planted up to August 1 this year as compared with the same date last year was due to the decline in the area in the State of Hyderabad, which reported an area of only 745,000 acres as against 2,503,000 acres in the corresponding forecast last year owing to unfavorable conditions at planting time. This means that the acreage planted in all other states showed an increase of 712,000 acres or 6 percent compared with the same date in 1933. In this connection it might be of interest to quote from an article in the August 25 issue of The Financial News which is published weekly at Bombay. In commenting on the first acreage report, the article states:

"The decrease is stated to be due to the decline in Hyderabad State which has reported 745,000 acres against 2,503,000 acres in the corresponding forecast last year owing to unfavorable conditions at the sowing period. The lag between the estimates for this year and the last is so appalling that it leaves much room for reasonable doubts and comment. In this connection, we give below a comparative table containing the first and final cotton acreage estimates for the Hyderabad State for the previous nine years:

COTTON ACREAGE IN THE HYDERABAD STATE
(000 acres omitted.)

Season	August Estimate	Final Estimate	Addition to August Estimate
1925-26	1,674	3,781	+2,107
1926-27	1,473	3,267	+1,794
1927-28	2,222	3,631	+1,409
1928-29	2,653	4,019	+1,366
1929-30	2,613	3,536	+ 923
1930-31	1,914	3,527	+1,613
1931-32	2,005	3,644	+1,639
1932-33	2,065	3,602	+1,537
1933-34	2,503	3,696	+1,193
1934-35	745	?	?

"It will be understood from the above table that this year's estimate has been about 50 percent lower than the lowest August estimate made during the past nine years. To say that the acreage was less due to unfavourable sowing conditions, is to suggest that either a majority of cotton cultivators in the State are at present experiencing famine conditions, or that their lands have gone under crops other than cotton. Or, is it suggested that the present deficit in acreage is going to be made good by a record addition to the acreage under late-grown cotton? The average increase over the first estimate during the past nine years being 1,508,000 acres, even the final estimate at about 2,253,000 acres is bound to be the lowest for the past nine years. In short, in the absence of any news about drought, famine, or excessive rainfall, the present estimate looks unbelievable if not totally ridiculous.

"If, however, the present Hyderabad estimate is to be relied upon as a correct representation of facts, the exportable surplus of Oomra cotton should ultimately show a considerable deficit, the Comra basis may show a tendency to harden later on and this year's Indian crop prospects may soon cease to be an additional bear factor in the world cotton exchanges."

Soviet Russia

At the 17th party meeting held at Moscow at the beginning of this year, Stalin stressed the unsatisfactory progress of seed selection, with particular reference to cotton. As a result, a decree has been issued by the Council of People's Commissars of U.S.S.R., dated August 29, 1934. This decree admits that the quality of cotton seed produced in Russia has steadily grown poorer, and demands that all organizations concerned concentrate on the improvement of seed selection methods. The Commissariat of Agriculture has been given responsibility for carrying out the improvement program. A thorough investigation of the yields and quality of seeds and fibre is contemplated and, on the results of this investigation, regional plans will be set up. These plans will call for specified acreages of the most desirable varieties, and it is hoped that within 3 years the acreage of long-staple American varieties (29 to 30 mm and above,

equivalent to about 1-1/16 to 1-3/16 inches) will reach 1,000,000 hectares (about 2,471,000 acres), and that of Egyptian varieties, 200,000 hectares (494,000 acres).

The number of varieties grown is to be reduced as rapidly as possible, and special attention is to be paid to proper sorting of seed, with the aim of preventing a mixture of two or more varieties. Prices of cotton seeds will also be based on quality.

It is further planned that by 1937, 350,000 hectares (865,000 acres) are to be sown to high quality seeds of the longer staple lengths. To stimulate this seed selection and the production of long-staple and early maturing varieties, a special fund of 5,000,000 Rubles has been set up. This will be used for the payment of premiums for each ton of long-staple cotton (29 to 30 mm, or more) produced.

A leading article in "Pravda", commenting on the above decree, states that in 1928, 40 percent of the total cotton crop had a fibre length of 28 to 29 mm, whereas in 1933 only 17 percent of the crop reached a similar length.

While the above discussed decree clearly shows the difficulties encountered in producing cotton in Russia, it is no assurance that the desired objectives will be reached.

Egypt

The first official estimate of the Egyptian Government on the probable 1933-34 Egyptian crop will be released the first Monday in October. It is expected that if the official acreage estimate is comparable with that of previous years that the estimated production for this year will be somewhat smaller than that for last year. There are a number of factors which lead to this conclusion. First, the acreage estimate is slightly less than that for 1933-34, and secondly, average yield per acre last year was the largest for more than a quarter of a century. Third, the acreage in Ashmouni and Zagora, the principal high yielding varieties, was reported at 12 percent less than last year and the fact that weather conditions on the whole apparently have not been particularly favorable so far this season. The damages done by the pink worm and the boll worm seem to have been greater this year than last. The following was taken from the report of the Commission de la Bourse de Minet el Bassal for the month of August 1934 1/.

"Lower Egypt.- During the month of August the cotton plants progressed well; however, the high temperature which prevailed during many days caused a premature opening of the bolls, thus preventing their full development; excessive dampness during the nights aggravated attacks from leaf-worm and boll-worm.

"Fresh attacks of cotton-worm have been reported. Damage from leaf-worm is unimportant, whereas attacks of pink-worm and boll-worm have been increasingly severe, the number of bolls attacked varying between 10 and 25 percent according to variety and district.

1/ Taken from Alexandria Commercial Co. (S.A.), September 7, 1934.

"There have been some morning fogs, in two instances of such density as to cause the falling off of many bolls.

"In the South picking started several days ago; it will be general all over the Delta between the 5th and 10th September, is 10 to 15 days earlier than last season.

"Upper Egypt and Fayum.- Though the temperature was rather variable, it was sufficiently high to favour the development and the maturing of the bolls.

"The number of bolls attacked by pink-worm and boll-worm is higher than last year, varying from 5 to 10 percent according to district.

"Picking began in the far South between August 10th to 15th. It became general towards the end of the month.

"The Nile flood has been exceptionally high this year and earlier than normal, attaining very high levels.

"The energetic measures taken by the Government encourage the hope that inundations will be avoided and that there will be no damage beyond that caused by infiltration."

China

Weather conditions in China during August and early September continued favorable for the development and the harvesting of the Chinese cotton crop, according to a radiogram from Agricultural Commissioner O. L. Dawson, Shanghai, on September 14. Reports from Kiangsu and Chekiang are said to indicate that the new crop will show an increased amount of short staple cotton. Earlier reports indicated that special efforts were being made to increase the production of medium staples. The present report indicating an increased amount of short staple may simply be the result of the distribution of the crop throughout the country, and it is entirely possible that even larger proportions of the crop than are now indicated would have been of short staple had not the efforts of the various cotton committees and societies been undertaken.

Brazil

As reported last month, the total 1933-34 cotton crop in Brazil has been estimated by the Brazilian Government at 969,000 bales. The acreage from which this crop was harvested was reported at 2,519,000 acres. This compares with an estimated production in 1932-33 of 448,000 bales from an area of 1,810,000 acres. The increase in production was equivalent to 116 percent and the increase in acreage to 39 percent. The average yield per acre, therefore, in 1933-34 was 184 pounds compared with 118 pounds per acre in 1932-33.

The acreage in the 1933-34 crop in northern Brazil was estimated at 1,406,000 acres compared with 1,178,000 acres in 1932-33, representing an increase of 19 percent. The reported production in these states was 468,000

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bales in 1933-34 compared with 226,000 bales in the preceding season, or an increase of 107 percent. The average yield per acre in the Northern States in 1933-34 was 159 pounds compared with 92 pounds the preceding season, and an average for the 5 years ended 1932-33 of 143 pounds. It may be seen, therefore, that a large portion of the increase in the Northern States as compared with the preceding year was due to increased yields. It is understood that weather conditions in these States during the past season were unusually favorable. The 1933-34 cotton crop in the Southern States of Brazil has been estimated at 501,000 bales, an increase of 125 percent over the previous season, whereas the area is estimated at 1,113,000 acres or 76 percent larger than the previous year. A considerable part of the increase, therefore, is accounted for by the increase in yields which in 1933-34 averaged 215 pounds per acre compared with 168 pounds the year before, and the 5-year average, 1928-29 to 1932-33, of 153 pounds.

The first estimate of the 1934-35 crop in the Northern States placed the new crop in these States at 753,000 bales as was stated last month or an increase of 61 percent over that of 1933-34. No estimate has been received as yet of the acreage in these States.

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